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HOUSE BILL 3125

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Kenney, Haler, Sullivan, Simpson, Barlow, Quall, Kagi, Flannigan, Cody, Nelson, Ormsby, Darneille, and Hasegawa

Read first time 01/22/08.      Referred to Committee on Community & Economic Development & Trade.

1            AN ACT Relating to creating the building communities fund program;  
2 amending RCW 43.63A.125; adding new sections to chapter 43.63A RCW;  
3 creating new sections; and making appropriations.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** FINDINGS AND INTENT.    (1) The legislature  
6 recognizes that although many regions of the state are thriving, there  
7 are still distressed communities throughout rural and urban Washington  
8 where capital investments in community services initiatives could  
9 create vibrant local business districts and prosperous neighborhoods.

10            (2) The legislature also recognizes that nonprofit organizations  
11 provide a variety of community services that serve the needs of the  
12 citizens of Washington, including many services implemented under  
13 contract with state agencies.    The legislature also finds that the  
14 efficiency and quality of these services may be enhanced by the  
15 provision of safe, reliable, and sound facilities, and that, in certain  
16 cases, it may be appropriate for the state to assist in the development  
17 of these facilities.

18            (3) The legislature finds that providing these capital investments  
19 is critical for the economic health of local distressed communities,

1 helps build strong relationships with the state, and expands life  
2 opportunities for underserved, low-income populations. The legislature  
3 therefore finds that programs by nonprofit organizations, local  
4 governments, and federally recognized Indian tribes to help distressed  
5 communities and underserved low-income populations could be enhanced by  
6 creating the building communities fund.

7 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
8 section apply throughout RCW 43.63A.125, this section, and sections 3  
9 and 5 of this act unless the context clearly requires otherwise.

10 (1) "Department" means the department of community, trade, and  
11 economic development.

12 (2) "Distressed community" means: (a) A county that has an  
13 unemployment rate that is twenty percent above the state average for  
14 the immediately previous three years; (b) an area within a county that  
15 the department determines to be a low-income community, using as  
16 guidance the low-income community designations under the community  
17 development financial institutions fund's new markets tax credit  
18 program of the United States department of the treasury; or (c) a  
19 school district in which at least fifty percent of local elementary  
20 students receive free and reduced-price meals.

21 (3) "Local government" means cities, towns, counties, or those  
22 special purpose districts whose statutory purposes are directly related  
23 to the purposes of the building communities fund.

24 (4) "Nonprofit organization" means an organization that is tax  
25 exempt, or not required to apply for an exemption, under section  
26 501(c)(3) or 501(c)(6) of the federal internal revenue code of 1986, as  
27 amended.

28 (5) "Technical assistance" means providing professional services  
29 under contract to emerging or expanding nonprofit organizations that  
30 will enable them to initiate or improve service to their customers.

31 NEW SECTION. **Sec. 3.** BUILDING COMMUNITIES FUND CREATED. The  
32 building communities fund is created in the state treasury. Moneys in  
33 the fund may be spent only after appropriation. Expenditures from the  
34 fund may only be used for capital and technical assistance grants as  
35 provided in RCW 43.63A.125.

1       **Sec. 4.** RCW 43.63A.125 and 2006 c 371 s 233 are each amended to  
2 read as follows:

3       (1) The department shall establish ~~((a competitive process to~~  
4 ~~solicit proposals for and prioritize projects that assist nonprofit~~  
5 ~~organizations in))~~ the building communities fund program. Under the  
6 program, capital and technical assistance grants may be made to  
7 nonprofit organizations, local governments, or federally recognized  
8 Indian tribes in distressed communities for acquiring, constructing, or  
9 rehabilitating facilities used for the delivery of nonresidential  
10 ~~((social))~~ community services, including social service centers,  
11 multipurpose community centers, and cultural centers. Such facilities  
12 must meet at least one of the following objectives:

13       (a) To provide social services;

14       (b) To encourage small business start-ups or sustainability, expand  
15 employment opportunities for community residents, or increase the  
16 employability of community residents;

17       (c) To offer educational and recreational opportunities separate  
18 from the public education system; or

19       (d) To serve a high priority need for nonresidential community  
20 services not addressed under (a), (b), or (c) of this subsection.

21       (2) The department shall establish a competitive process to  
22 solicit, evaluate, and prioritize applications for the ~~((assistance))~~  
23 building communities fund program as follows:

24       (a) The department shall conduct a statewide solicitation of  
25 project applications from nonprofit organizations, local governments,  
26 ~~((nonprofit organizations, and other entities, as determined by the~~  
27 ~~department))~~ and federally recognized Indian tribes.

28       **(b)** The department shall evaluate and rank applications in  
29 consultation with a citizen advisory committee using objective  
30 criteria. ~~((At a minimum,))~~ Applicants must demonstrate that the  
31 ~~((requested assistance))~~ proposed project:

32       (i) Will increase the range, efficiency, or quality of the  
33 ~~((social))~~ services ((it provides)) provided to citizens;

34       (ii) Will be located in and serve a distressed community;

35       (iii) Meets at least one of the objectives in subsection (1)(a)  
36 through (d) of this section;

37       (iv) Reflects a long-term vision for the development of the  
38 community, shared by residents, businesses, leaders, and partners;

1 (v) Requires state funding to accomplish a discrete, usable phase  
2 of the project;

3 (vi) Is ready to proceed and will make timely use of the funds;

4 (vii) Is sponsored by one or more entities that have the  
5 organizational and financial capacity to fulfill the terms of the grant  
6 agreement and to maintain the project into the future;

7 (viii) Fills an unmet need for community services;

8 (ix) Will achieve its stated objectives; and

9 (x) Is a community priority as shown through tangible commitments  
10 of existing or future assets made to the project by community  
11 residents, leaders, businesses, and partners. ((The evaluation and  
12 ranking process shall also include an examination of existing assets  
13 that applicants may apply to projects. Grant assistance under this  
14 section shall not exceed twenty five percent of the total cost of the  
15 project. The nonstate portion of the total project cost may include  
16 cash, the value of real property when acquired solely for the purpose  
17 of the project, and in-kind contributions.

18 ~~(b))~~ (c) The department may not:

19 (i) Set a monetary limit to funding requests;

20 (ii) Require applicants to contribute cash or an in-kind match to  
21 the state funds requested; or

22 (iii) Require that state funds be the last to be spent on a  
23 project.

24 (3)(a) The department shall submit a ((prioritized)) ranked list of  
25 recommended projects to the governor and the legislature in the  
26 department's biennial and supplemental capital budget requests  
27 ((beginning with the 2001-2003 biennium and thereafter. For the 1999-  
28 2001 biennium, the department shall conduct a solicitation and ranking  
29 process, as described in (a) of this subsection, for projects to be  
30 funded by appropriations provided for this program in the 1999-2001  
31 capital budget)). The list shall include a description of each  
32 project, its total cost, the amount of requested state funding, and the  
33 amount of recommended state funding(, and documentation of nonstate  
34 funds to be used for the project)).

35 (b) The total amount of recommended state capital funding for  
36 projects on ((a biennial)) the annual ranked project list shall not  
37 exceed ((ten)) fourteen million dollars, or forty percent of the total  
38 amount appropriated for this purpose. In addition, if cash funds have

1 been appropriated, up to five million dollars may be used for technical  
2 assistance grants. ((Except for the 1999-2001 biennium,)) The  
3 department shall not sign contracts or otherwise financially obligate  
4 funds under this section until the legislature has approved a specific  
5 list of projects.

6 ~~((e))~~ (4) The department shall also submit to the legislature an  
7 unranked list of the remaining projects for which applications were  
8 received. The list must include a description of each project, its  
9 total cost, and the amount of state funding requested. The appropriate  
10 fiscal committees of the legislature shall use this list to determine,  
11 in the legislature's sole discretion, any additional building  
12 communities fund projects that may receive funding in the capital  
13 budget. The total amount of state capital funding available for all  
14 projects on the annual unranked list shall not exceed twenty-one  
15 million dollars, or sixty percent of the total amount appropriated for  
16 this purpose.

17 (5) In addition to the ranked and the unranked lists, the  
18 department shall submit to the appropriate fiscal committees of the  
19 legislature all application materials it received and all working  
20 papers it developed during its evaluation process.

21 (6) After the legislature has approved a specific list of projects  
22 in law, the department shall develop and manage appropriate contracts  
23 with the selected applicants; monitor project expenditures and grantee  
24 performance; report project and contract information; and exercise due  
25 diligence and other contract management responsibilities as required.

26 (7) In contracts for grants authorized under this section the  
27 department shall include provisions which require that capital  
28 improvements shall be held by the grantee for a specified period of  
29 time appropriate to the amount of the grant and that facilities shall  
30 be used for the express purpose of the grant. If the grantee is found  
31 to be out of compliance with provisions of the contract, the grantee  
32 shall repay to the state general fund the principal amount of the grant  
33 plus interest calculated at the rate of interest on state of Washington  
34 general obligation bonds issued most closely to the date of  
35 authorization of the grant.

36 NEW SECTION. Sec. 5. ACCOUNTABILITY. (1) The department shall  
37 develop accountability and reporting standards for grant recipients.

1 At a minimum, the department shall use the objectives listed in RCW  
2 43.63A.125(1) and the criteria listed in RCW 43.63A.125(2)(b) to  
3 evaluate the progress of each grant recipient.

4 (2) Beginning January 1, 2009, the department shall submit an  
5 annual report to the appropriate committees of the legislature,  
6 including:

7 (a) A list of projects currently under contract with the department  
8 under the building communities fund; a description of each project, its  
9 total cost, the amount of state funding awarded and expended to date,  
10 the project milestones completed, and the extent to which the project  
11 has met the objectives and criteria in RCW 43.63A.125(1) and (2)(b);  
12 and

13 (b) Recommendations, if any, for policy and programmatic changes to  
14 the building communities fund to better achieve program objectives.

15 NEW SECTION. **Sec. 6.** CAPTIONS NOT LAW. Captions used in this act  
16 are not any part of the law.

17 NEW SECTION. **Sec. 7.** Sections 2, 3, and 5 of this act are each  
18 added to chapter 43.63A RCW.

19 NEW SECTION. **Sec. 8.** APPROPRIATIONS. (1) The sum of ten million  
20 dollars, or as much thereof as may be necessary, is appropriated for  
21 the fiscal year ending June 30, 2009, from the state building  
22 construction account to the department of community, trade, and  
23 economic development for the purpose of making capital grants under the  
24 building communities fund program established under RCW 43.63A.125.

25 (2) The sum of twenty-five million dollars, or as much thereof as  
26 may be necessary, is appropriated for the fiscal year ending June 30,  
27 2009, from the public works assistance account to the department of  
28 community, trade, and economic development for the purpose of making  
29 capital grants under the building communities fund program established  
30 under RCW 43.63A.125.

31 (3) The sum of five million dollars, or as much thereof as may be  
32 necessary, is appropriated for the fiscal year ending June 30, 2009,  
33 from the general fund to the department of community, trade, and  
34 economic development for the purpose of making technical assistance

1 grants under the building communities fund program established in this  
2 act.

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